

Bus transportation for senior citizens and handicapped. A nonprofit organization that provides, upon request, low cost bus transportation to senior citizens and handicapped persons in a community where public transportation is unavailable or inadequate qualifies for exemption under section 501(c)(3) of the Code as operated exclusively for charitable purposes.

'Advice has been requested whether the nonprofit organization described below, which otherwise qualifies for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954, is operated exclusively for charitable purposes.

'The stated purpose of the organization is to provide low cost transportation services to senior citizens and handicapped persons of a particular community. The organization owns and operates a bus which makes frequent daily trips to transport senior citizens and handicapped persons to downtown shopping areas and medical facilities. Most riders telephone in requests for service. Public transportation is otherwise unavailable or inadequate for these members of the community, who must be able to show proof of age or handicap. The organization is substantially staffed by volunteers who donate their services.

Although the organization charges a fee for services, it is dependent upon contributions and Federal and local governmental or institutional grants in order to meet operating expenses.

'Section 501(c)(3) of the Code provides for the exemption from Federal income tax of organizations organized and operated exclusively for charitable purposes.

'Section 1.501(c)(3)-1(d)(2) of the Income Tax Regulations provides that the term 'charitable' is used in section 501(c)(3) of the Code in its generally accepted legal sense. Such term includes relief of the distressed.

'It is generally recognized that the elderly and the handicapped, because of advanced age or disability, encounter forms of distress aside from financial considerations.

'Rev. Rul. 66-257, 1966-2 C.B. 212, holds that a nonprofit organization formed and operated to aid elderly unemployed persons of limited means in obtaining employment by providing such persons with free counseling and placement services and by educating the general public in the employment capabilities of the elderly qualifies for exemption from Federal income tax under section 501(c)(3) of the Code.

'Rev. Rul. 72-124, 1972-1 C.B. 145, holds that a home for the aged qualifies for charitable status under section 501(c)(3) of the Code if it meets the special needs of the elderly for housing, health care, and financial security.

'Rev. Rul. 75-198, 1975-1 C.B. 157, holds that an organization that establishes a service center providing information, referral, counseling services relating to health, housing, finances, education, and employment, as well as a facility for specialized recreation for a particular community's senior citizens, who need not become members to obtain the services or participate in the activities, may qualify for exemption under section 501(c)(3) of the Code.

'Rev. Rul. 75-385, 1975-2 C.B. 205, holds that a nonprofit publicly-supported organization that operates a rural rest home to provide, at a nominal charge, two-week vacations for elderly poor people from nearby metropolitan areas qualifies for exemption as a charitable organization under section 501(c)(3) of the Code.

'Rev. Rul. 76-244, 1976-1 C.B. 155, holds that a nonprofit organization that provides home delivery of meals to elderly and handicapped people by volunteers, for a fee insufficient to cover the cost of operations but approximating the cost of the meals provided, or for a reduced fee or no fee depending on the recipient's ability to pay, is operated for charitable purposes and qualifies for exemption under section 501(c)(3) of the Code because such activities serve to relieve many of the forms of distress that justify considering these groups of individuals as charitable classes.

'Providing the elderly and the handicapped with necessary transportation within the community is an activity directed toward meeting the special needs of these charitable classes of individuals.

'An organization that provides transportation services for the elderly and handicapped in the manner described above is, therefore, providing relief to the distressed, a charitable purpose. Accordingly, the organization qualifies for exemption from Federal income tax under section 501(c)(3) of the Code as an organization organized and operated exclusively for charitable purposes.

'Even though an organization considers itself within the scope of this Revenue Ruling, it must file an application on Form 1023, Application for Recognition of Exemption, in order to be recognized by the Service as exempt under section 501(c)(3) of the Code. The application should be filed with the District Director of Internal Revenue for the district in which is located the principal place of business or principal office of the organization. See sections 1.501(a)-1 and 1.508-1(a) of the regulations.